

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT

FINANCIAL STATEMENTS  
SUPPLEMENTARY INFORMATION

Year Ended June 30, 2008

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
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SUMMERS, MCCRARY & SPARKS, P.S.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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PRACTICE SECTION OF THE AMERICAN INSTITUTE  
OF CERTIFIED PUBLIC ACCOUNTANTS

141 PROSPEROUS PLACE  
SUITE 21A  
LEXINGTON, KY 40509-1854  
(859) 264-8785  
FAX: (859) 264-1736

201 SOUTH MAIN STREET  
WINCHESTER, KY 40391  
(859) 745-1174  
(859) 231-8988

INDEPENDENT AUDITORS' REPORT

Kentucky State Committee of School District Audits  
Members of the Board of Education  
Williamstown Independent School District  
Williamstown, KY

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Williamstown Independent School District as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, and *Appendix III of the Independent Auditor's Contract - Electronic Submission*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2008, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2008, on our consideration of Williamstown Independent School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Page Two

The management's discussion and analysis on pages 3 through 7, and the budgetary comparison information on pages 31 and 33 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplemental schedules on pages 34 through 39 are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 40-41 is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the District. The supplemental information and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 2, 2008

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
WILLIAMSTOWN, KENTUCKY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2008**

As management of the Williamstown Independent School District (District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

The beginning cash balance for the District was \$3,745,173.

The District approved a \$3,000 raise for all certified staff and a 5% raise for all classified staff.

The District completed Phase II renovations.

The General Fund had \$5,290,645 in revenue, which primarily consisted of the state program (SEEK), property, utilities, and motor vehicle taxes. Excluding inter-fund transfer, there were \$5,010,885 in General Fund expenditures. This does not include on-behalf payments.

The District experienced the normal certified and classified retirements and resignations. Many of the resignations were due to transfers to other school districts.

The District initiated phase III renovations and additions to the elementary, middle school and high school.

The District has managed to maintain a minimum 5% contingency reserve for financial stability.

The district implemented non resident tuition beginning July 1, 2007.

The District discontinued its day care operation.

## OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) district-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**District-wide financial statements.** The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the district is improving or deteriorating.

The statement of activities presents information showing how the District's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is also supported by taxes and intergovernmental revenues.

The district-wide financial statements can be found on pages 8 and 9 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. This is a state mandated uniform system and chart of accounts for all Kentucky public school districts utilizing the MUNIS administrative software. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into three categories: governmental, proprietary funds and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education, welfare and teacher support. The proprietary fund is food service operations. All other activities of the District are included in the governmental funds.

The basic governmental fund financial statements can be found on pages 10-17 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the financial statements can be found on pages 18-34 of this report.

## DISTRICT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$2,560,436 million as of June 30, 2008.

The largest portion of the District's net assets reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

### Net assets for the years ending June 30, 2008 and 2007

2008 District-wide net assets compared to 2007 are as follows:

	Net Assets (in thousands)					
	Governmental		Business-type		Total	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Current Assets	\$4,163	\$3,921	\$35	\$47	\$4,198	\$3,968
Noncurrent Assets	<u>13,030</u>	<u>8,780</u>	<u>655</u>	<u>168</u>	<u>13,685</u>	<u>8,948</u>
<b>Total Assets</b>	<b>\$17,192</b>	<b>\$12,701</b>	<b>\$690</b>	<b>\$215</b>	<b>\$17,882</b>	<b>\$12,916</b>
Current Liabilities	\$1,381	\$1,438	\$0	\$0	\$1,381	\$1,438
Noncurrent Liabilities	<u>13,101</u>	<u>8,733</u>	<u>—</u>	<u>—</u>	<u>13,101</u>	<u>8,733</u>
<b>Total Liabilities</b>	<b>\$14,482</b>	<b>\$10,171</b>	<b>\$0</b>	<b>\$0</b>	<b>\$14,482</b>	<b>\$10,171</b>
Investment in capital assets (net of debt)	(\$856)	(\$310)	\$655	\$168	(\$201)	(\$142)
Restricted	2,183	2,063			2,183	2,063
Unreserved Fund Balance	<u>1,384</u>	<u>777</u>	<u>35</u>	<u>47</u>	<u>1,419</u>	<u>824</u>
<b>Total Net Assets</b>	<b><u>\$2,711</u></b>	<b><u>\$2,530</u></b>	<b><u>\$690</u></b>	<b><u>\$215</u></b>	<b><u>\$3,401</u></b>	<b><u>\$2,745</u></b>

### Budgetary Implications

In Kentucky the public school fiscal year is July 1 - June 30; other programs, i.e. some federal operate on a different fiscal year, but are reflected in the District overall budget. By law the budget must have a minimum 2 percent contingency. The District adopted a budget with \$311,023 in contingency, which is 5 percent. The beginning cash balance for the fiscal year was \$3,745,173.

### Comments on Budget Comparisons

The original budget was amended to reflect changes in the site based allocations and anticipated revenues. The changes made were based on more accurate data being available after the first couple of months of the fiscal year.

The District recorded "On-Behalf" payments as revenues and expenditures during the fiscal year. "On-Behalf" payments were not included in the budget. Therefore budget comparisons have some large negative variances. Caution should be used when reading the budget comparison reports.

<b>Changes in Net Assets (in thousands)</b>						
	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
<b>Revenues</b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>
Local Revenue Sources	\$1,714	\$1,539	\$213	\$326	\$1,927	\$1,865
State Revenue Sources	6,066	5,391	41	34	6,107	5,425
Federal Revenue Sources	998	1,029	243	213	1,241	1,242
Investments	<u>140</u>	<u>134</u>	<u>1</u>	<u>2</u>	<u>141</u>	<u>136</u>
<b>Total Revenues</b>	<b>8,918</b>	<b>8,093</b>	<b>498</b>	<b>575</b>	<b>9,416</b>	<b>8,668</b>
<b>Expenses</b>						
Instruction	4,581	4,527			4,581	4,527
Student Support Services	345	370			345	370
Instructional Support	368	355			368	355
District Administration	358	321			358	321
School Administration	488	457			488	457
Business Support	158	149			158	149
Plant Operations	643	481			643	481
Student Transportation	476	414			476	414
Facilities Acquisition & Construction	4,916	3,032			4,916	3,032
Community Support	86	106		131	86	237
Food Service	0	0	531	490	531	490
Debt Service	<u>1,020</u>	<u>856</u>			<u>1,020</u>	<u>856</u>
<b>Total Expenses</b>	<b>13,439</b>	<b>11,068</b>	<b>531</b>	<b>621</b>	<b>13,970</b>	<b>11,689</b>
Bond proceeds	4,995	3,292			4,995	3,292
Transfers		(27)		27		
Capital Contributions			508		508	
<b>Change in Net Assets</b>	<b>474</b>	<b>290</b>	<b>475</b>	<b>(19)</b>	<b>949</b>	<b>271</b>
<b>Beginning Net Assets</b>	<b><u>3,018</u></b>	<b><u>2,728</u></b>	<b><u>215</u></b>	<b><u>234</u></b>	<b><u>3,233</u></b>	<b><u>2,962</u></b>
<b>Ending Net Assets</b>	<b><u>\$3,492</u></b>	<b><u>\$3,018</u></b>	<b><u>\$690</u></b>	<b><u>\$215</u></b>	<b><u>\$4,182</u></b>	<b><u>\$3,233</u></b>

The government's overall financial position and results of operations improved as a result of the year's operations as reflected in the increase in net assets for the year.

## INFRASTRUCTURE

The District has not reported any infrastructure in the current financial statements.

### Analysis of balances and transactions of individual funds (in thousands)

<b>Fund</b>	<b><u>Beginning</u></b>	<b><u>Revenues</u></b>	<b><u>Expenses</u></b>	<b><u>Transfer</u></b>	<b><u>Ending</u></b>
General Fund	\$1,013	\$6,277	\$5,920	(\$61)	\$1,309
Special Revenue	\$0	\$1,614	\$1,625	\$11	\$0
Capital Outlay	\$0	\$82	\$0	(\$82)	\$0
Building	\$5	\$605	\$0	(\$474)	\$136
Construction	\$1,989	\$72	\$4,916	\$4,901	\$2,046
Debt Service	\$10	\$268	\$978	\$700	\$0



### Capital Assets and Long-Term Debt Activity (in thousands)

	<u>Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending</u>
<b>Governmental</b>				
Capital Assets	\$11,802	\$5,890	\$1,439	\$16,253
Accumulated Depreciation	\$3,103	\$435	\$46	\$3,492
<b>Business-Type</b>				
Capital Assets	\$262	\$515	\$3	\$774
Accumulated Depreciation	\$93	\$28	\$2	\$119
 Bonds Payable	 \$8,832	 \$4,995	 \$413	 \$13,414
Capital Leases Payable	\$258	\$0	\$54	\$204

### CURRENT ISSUES

All staff were given a 1% raise.

Property tax rates were increased by the 4% allowed.

The District plans to install wireless technology capicity throughout the facility in 2008-2009.

Phase III renovations/new additions will be completed by December 2008.

Opened Early Learning Center to serve Preschool through First Grade.

Began all day Kindergarten.

District plans to implement Phase IV continued renovation - \$1.2 million bond projected. Phase IV will consist of re-roofing 1968 section and renovation of the kitchen.

District plans to implement online high school technology course offerings at recurring costs of \$25,000.

Superintendent/Finance Officer plan to increase contingency above 5% during 2008-2009 school year in preparation for lean budget and less revenue for 2009-10.

Enrollement is expected to decrease during the school year slightly due to implementation of \$500 non-resident tuition fee.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions about this report or additional financial information needs should be directed to the Superintendent, Charles Ed Wilson, or to the Treasurer, LeAnn Collins, 859-824-7144, or by mail at 300 Helton Street Williamstown, Ky 41097.

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
DISTRICT WIDE  
As of June 30, 2008

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current Assets			
Cash and equivalents - Note C	\$3,996,683	\$0	\$3,996,683
Accounts receivable	164,837	21,710	186,547
Due from other funds	1,085		1,085
Inventory		14,642	14,642
Total current assets	<u>4,162,605</u>	<u>36,352</u>	<u>4,198,957</u>
Noncurrent Assets			
Bond issue costs	268,210		268,210
Non-depreciated capital assets	2,939,884	774,379	3,714,263
Net depreciated capital assets	<u>9,821,542</u>	<u>(119,383)</u>	<u>9,702,159</u>
Total noncurrent assets	<u>13,029,636</u>	<u>654,996</u>	<u>13,684,632</u>
Total assets	<u>\$17,192,241</u>	<u>\$691,348</u>	<u>\$17,883,589</u>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts payable	\$630,820	\$256	\$631,076
Deferred revenue	39,981		39,981
Current portion of bond obligations	585,000		585,000
Current portion of capital leases	41,202		41,202
Current portion of accumulated sick leave	17,358		17,358
Due to other funds		1,085	1,085
Interest payable	<u>66,690</u>		<u>66,690</u>
Total current liabilities	<u>1,381,051</u>	<u>1,341</u>	<u>1,382,392</u>
Noncurrent Liabilities			
Noncurrent portion of accumulated sick leave	109,020		109,020
Noncurrent portion of capital leases	162,555		162,555
Noncurrent portion of bond obligations	<u>12,829,000</u>		<u>12,829,000</u>
Total noncurrent liabilities	<u>13,100,575</u>		<u>13,100,575</u>
Total liabilities	<u>\$14,481,626</u>	<u>\$1,341</u>	<u>\$14,482,967</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	(\$856,331)	\$654,996	(\$201,335)
Restricted for:			
Capital projects	2,045,910		2,045,910
Other	136,777		136,777
Unrestricted	<u>1,384,259</u>	<u>35,011</u>	<u>1,419,270</u>
Total net assets	<u>\$2,710,615</u>	<u>\$690,007</u>	<u>\$3,400,622</u>

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
DISTRICT WIDE  
For the year ended June 30, 2008

FUNCTIONS/PROGRAMS

**Governmental Activities**

	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets Governmental Activities	Business-type Activities	Total
Instruction	\$4,782,655	\$95,772	\$1,080,773		(\$3,606,110)		(\$3,606,110)
Support services:							
Student	356,165		130,428		(225,737)		(225,737)
Instruction staff	375,777		81,350		(294,427)		(294,427)
District administrative	361,300		51,553		(309,747)		(309,747)
School administrative	492,598				(492,598)		(492,598)
Business	159,571		175		(159,396)		(159,396)
Plant operation and maintenance	770,682				(770,682)		(770,682)
Student transportation	524,828		193,600		(331,228)		(331,228)
Community service activities	86,646		76,650		(9,996)		(9,996)
Interest on long-term debt	473,337			259,197	(214,140)		(214,140)
Total governmental activities	8,383,559	95,772	1,614,529	259,197	(6,414,061)		(6,414,061)

**Business-type Activities**

Food service	530,960	213,142	283,552			(34,266)	(34,266)
Total business-type activities	530,960	213,142	283,552			(34,266)	(34,266)
Total school district	\$8,914,519	\$308,914	\$1,898,081	\$259,197	(\$6,414,061)	(\$34,266)	(\$6,448,327)

**General Revenues**

Taxes	\$1,525,813						\$1,525,813
State aid-formula grants	5,245,107						5,245,107
Investment earnings	139,533				795		140,328
Miscellaneous	38,285						38,285
Special items							0
Transfers	(508,424)				508,424		0
Gain on sale of assets	(4,100)				(4,100)		(4,100)
Total general & special	6,436,214				509,219		6,945,433
Change in net assets	22,153				474,953		497,106
Net assets - beginning	2,530,291				215,054		2,745,345
Prior period adjustment	158,171				0		158,171
Net assets - beginning (restated)	2,688,462				\$690,007		2,688,462
Net assets - ending	\$2,710,615				\$690,007		\$5,930,913

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

As of June 30, 2008

ASSETS

Cash and cash equivalents  
Other receivables  
Due from other funds  
TOTAL ASSETS

General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$1,230,315		\$2,629,591	\$421	\$136,356	\$3,996,683
116,266	\$48,571				164,837
9,675					9,675
<u>\$1,356,256</u>	<u>\$48,571</u>	<u>\$2,629,591</u>	<u>\$421</u>	<u>\$136,356</u>	<u>\$4,171,195</u>

LIABILITIES AND FUND BALANCES

Liabilities

Accounts payable  
Due to other funds  
Deferred revenue  
Total liabilities

\$47,139	\$583,681				\$630,820
	\$8,590				8,590
	39,981				39,981
<u>\$47,139</u>	<u>\$48,571</u>	<u>\$583,681</u>			<u>\$679,391</u>

Fund Balances

Unreserved:

Designated  
Accrued sick leave  
Capital projects  
Other designated  
Undesignated  
Total fund balances

\$63,189					\$63,189
		2,045,910	421	136,356	2,045,910
					136,777
1,245,928					1,245,928
<u>1,309,117</u>	<u>0</u>	<u>2,045,910</u>	<u>421</u>	<u>136,356</u>	<u>3,491,804</u>
<u>\$1,356,256</u>	<u>\$48,571</u>	<u>\$2,629,591</u>	<u>\$421</u>	<u>\$136,356</u>	<u>\$4,171,195</u>

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
 RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO  
 THE STATEMENT OF NET ASSETS  
 As of June 30, 2008

Amounts reported for governmental activities in the statement of net assets  
 are different because:

<b>Total Fund Balance - Governmental Funds</b>	<b>\$3,491,804</b>
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Certain assets are not reported in this fund financial statement because  
 they are recorded as current expenditures

Bond Issue Costs	268,210
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Capital assets are not reported in this fund financial statement because  
 they are not current financial resources, but they are reported in the  
 statement of net assets

12,761,426
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Certain liabilities are not reported in this fund financial statement because  
 they are not due and payable, but they are presented in the statement  
 of net assets.

Bonds Payable	(13,414,000)
Capital Leases Payable	(203,757)
Accrued Interest on Bonds	(66,690)
Accumulated Sick Leave	(126,378)
	<u>          </u>

**Total Net Assets - Governmental Activities**

<u><u>\$2,710,615</u></u>
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See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the year ended June 30, 2008

	General Fund	Special Revenue	Construction Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
From local sources					\$244,236	\$1,163,457
Property taxes	\$919,221					96,063
Motor vehicle taxes	96,063					266,293
Utility taxes	266,293					139,533
Earnings on investments	58,682		71,895	8,956		188,207
Other local revenues	134,057	54,150				6,066,399
Intergovernmental - State	4,802,917	562,094		259,197	442,191	998,285
Intergovernmental - Federal		998,285				8,918,237
Total revenues	<u>6,277,233</u>	<u>1,614,529</u>	<u>71,895</u>	<u>268,153</u>	<u>686,427</u>	
<b>Expenditures</b>						4,581,213
Instruction	3,489,838	1,091,375				
Support services						345,136
Student	214,708	130,428				368,045
Instruction staff	286,695	81,350				357,920
District administration	306,367	51,553				487,360
School administration	487,360					157,861
Business	157,686	175				643,318
Plant operation and maintenance	643,318					476,299
Student transportation	282,699	193,600				4,915,848
Facilities acquisition and construction			4,915,848			86,229
Community service activities	9,579	76,650				1,019,787
Debt service	41,454			978,333		
Total expenditures	<u>5,919,704</u>	<u>1,625,131</u>	<u>4,915,848</u>	<u>978,333</u>	<u>0</u>	<u>13,439,016</u>
Excess(deficit)of revenues over expenditures	357,529	(10,602)	(4,843,953)	(710,180)	686,427	(4,520,779)
<b>Other Financing Sources (Uses)</b>						
Bond proceeds				4,995,000		4,995,000
Operating transfers in		10,602	4,900,881	600,459		5,511,942
Operating transfers out	(60,989)			(4,895,013)	(555,940)	(5,511,942)
Total other financing sources (uses)	<u>(60,989)</u>	<u>10,602</u>	<u>4,900,881</u>	<u>700,446</u>	<u>(555,940)</u>	<u>4,995,000</u>
Excess (deficit) of revenues and other financing sources over expenditures and other financing uses	296,540	0	56,928	(9,734)	130,487	474,221
Fund balance, July 1, 2007	<u>1,012,577</u>	<u>0</u>	<u>1,988,982</u>	<u>10,155</u>	<u>5,869</u>	<u>3,017,583</u>
Fund balance, June 30, 2008	<u>\$1,309,117</u>	<u>\$0</u>	<u>\$2,045,910</u>	<u>\$421</u>	<u>\$136,356</u>	<u>\$3,491,804</u>

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO  
THE DISTRICT-WIDE STATEMENT OF ACTIVITIES  
For The Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities  
are different because:

**Total net change in fund balances - governmental funds** \$474,221

Capital outlays are reported as expenditures in this fund financial  
statement because they use current financial resources, but they  
are presented as assets in the statement of activities and  
depreciated over their estimated economic lives. The difference  
is the amount by which capital outlays exceeds depreciation  
expense for the year.

Depreciation Expense	(435,336)	
Capital Outlays	<u>4,502,092</u>	4,066,756

Bond issue costs are expensed as incurred in the fund balance  
statement, but are amortized over the life of the bond in the  
statement of activities:

Amortization Expense	(13,588)	
Current Bond Issue Costs	<u>42,230</u>	28,642

Bond proceeds provide current financial resources to  
governmental funds, but issuing debt increases long-term  
liabilities in the statement of net assets. Repayment of bond  
principal is an expenditure in the governmental funds, but the  
repayment reduces long-term liabilities in the statement of net  
assets. This is the amount by which proceeds exceeded  
repayments.

(4,582,000)

Lease payments are recognized as expenditures of current  
financial resources in the fund financial statement, but are  
reductions of liabilities in the statement of net assets

54,686

Gains and losses are not presented in the governmental funds  
because they do not provide or use current financial resources.  
However, they are presented on the statement of activities.  
The difference between the proceeds from the sale of assets  
and the actual gain/loss from the sale net to this amount.

(4,249)

Generally, expenditures recognized in this fund financial statement  
are limited to only those that use current financial resources, but  
expenses are recognized in the statement of activities when they  
are incurred.

Change in Accrued Interest	(6,509)	
Change in Sick Leave	<u>(9,394)</u>	

**Total Change in Net Assets - Governmental Activities**

\$22,153

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
As of June 30, 2008

	Business-Type Activities Enterprise Funds Food Service Fund
ASSETS	
Current Assets	
Accounts receivable	\$21,710
Inventory	<u>14,642</u>
Total Current Assets	36,352
Noncurrent Assets	
Depreciable Capital Assets	774,379
Less Accumulated Depreciation	<u>(119,383)</u>
Total Noncurrent Assets	654,996
TOTAL ASSETS	<u><u>691,348</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	256
Due to other fund	<u>1,085</u>
Total Liabilities	1,341
NET ASSETS	
Invested in Capital Assets	654,996
Unrestricted	<u>35,011</u>
Total Net Assets	<u><u>\$690,007</u></u>

See accompanying notes



WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2008

	Business-Type Activities Enterprise Funds Food Service Fund
OPERATING REVENUES	
Lunchroom sales	\$213,142
Other revenues	0
Total Operating Revenues	<u>213,142</u>
OPERATING EXPENSES	
Salaries and wages	229,066
Contract services	8,182
Materials and supplies	245,392
Depreciation	28,041
Other operating expenses	20,279
Total Operating Expenses	<u>530,960</u>
Operating income (loss)	(317,818)
NON-OPERATING REVENUES (EXPENSES)	
Federal grants	217,017
State grants	4,673
State on-behalf payments	35,988
Interest income	795
Commodities received	25,874
Non-operating revenues (expenses)	<u>284,347</u>
Net income (loss) before capital contributions	(33,471)
Contributed Capital	508,424
Change in Net Assets	474,953
Net Assets, July 1, 2007	<u>215,054</u>
Net Assets, June 30, 2008	<u><u>\$690,007</u></u>

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For The Year Ended June 30, 2008

	Business-Type Activities Enterprise Funds Food Service Fund
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	
Cash received from customers	\$213,142
Cash paid to employees, including benefits	(193,078)
Cash paid to suppliers	(252,070)
Net cash provided by operating activities	(232,006)
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Interest income	795
Due to other fund	1,085
Purchase of fixed assets	(6,945)
Cash received from government funding	221,094
Net cash provided from capital and related financing activities	216,029
Net increase (decrease) in cash	(15,977)
Cash and equivalents, July 1, 2007	15,977
Cash and equivalents, June 30, 2008	\$0
<b>Reconciliation of Operating income (loss) to Net Cash Provided by Operating Activities</b>	
Operating income (loss)	(\$317,818)
Adjustments to reconcile net income to cash provided by operating activities	
Depreciation	\$28,041
On-behalf payments	35,988
Commodities used	25,874
Increase in accounts payable	256
Increase in inventory	(4,347)
Net cash provided by operating activities and increase in cash and equivalents	(\$232,006)
<b>Noncash investing, capital and financing activities</b>	
Noncash capital assets transferred from construction fund	\$508,424
Donated commodities	\$25,874
On-behalf payments	\$35,988

See accompanying notes

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
As of June 30, 2008

	Agency Fund
ASSETS AND RESOURCES	
Cash and equivalents	\$119,276
Accounts receivable	<u>0</u>
TOTAL ASSETS AND RESOURCES	<u>\$119,276</u>
LIABILITIES	
Accounts payable	\$431
Due to student groups	<u>118,845</u>
TOTAL LIABILITIES	<u>\$119,276</u>

See accompanying notes

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Williamstown Independent Board of Education, a five member group, is the level of government which has oversight responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Williamstown Independent School District (District). The District receives funding from local, state and federal government sources and must comply with the commitment requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in Section 2100, Codification of Governmental Accounting and Financial Reporting Standards as Board Members are elected by the public and have decision making authority, the power to designate management, the responsibility to develop policies which may influence operations, and primary accountability for fiscal matters.

The District, for financial purposes, includes all of the funds and account groups relevant to the operation of the Williamstown Independent School District. The financial statements presented herein do not include funds of groups and organizations, which although associated with the school system, have not originated within the District itself such as Band Boosters, Parent-Teacher Associations, etc.

The financial statements of the District include those of separately administered organizations that are controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, funding and appointment of the respective governing board.

Based on the foregoing criteria, the financial statements of the following organization are included in the accompanying financial statements:

Williamstown Independent School District Finance Corporation (the Corporation) – the Williamstown Independent Board of Education has established the Williamstown Independent School District Finance Corporation (a non-profit, non-stock, public and charitable corporation organized under the School Bond Act and KRS 273 and KRS Section 58.180) as an agency of the District for financing the costs of school building facilities. The Board Members of the Williamstown Independent School District also comprise the Corporation's Board of Directors.

**Basis of Presentation**

District-Wide Financial Statements – The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The district-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the district-wide statements and the statements for governmental funds.

The district-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

particular program. Revenues that are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** – Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the changes in total net assets. Proprietary funds and fiduciary funds are reported using the economic resources measurement focus. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

The District has the following funds:

**I. Governmental Fund Types**

- (A) The General Fund is the primary operating fund of the District. It accounts for financial resources used for general types of operations. This is a budgeted fund and any unrestricted fund balances are considered as resources available for use. This is a major fund of the District.
- (B) The Special Revenue Fund accounts for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to disbursements for specified purposes. It includes federal financial programs where unused balances are returned to the grantor at the close of specified project periods as well as the state grant programs. Project accounting is employed to maintain integrity for the various sources of funds. The separate projects of federally-funded grant programs are identified in the Schedule of Expenditures of Federal Awards included in this report. This is a major fund of the District.
- (C) Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment (other than those financed by Proprietary Funds).
  - 1. The Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund receives those funds designated by the state as Capital Outlay Funds and is restricted for use in financing projects identified in the district's facility plan. This is a non major fund of the District.
  - 2. The Facility Support Program of Kentucky (FSPK) Fund accounts for funds generated by the building tax levy required to participate in the School Facilities Construction Commission's construction funding and state matching funds, where applicable. Funds may be used for projects identified in the district's facility plan. This is a non major fund of the District.
  - 3. The Construction Fund includes Capital Projects Fund accounts for proceeds from sales of bonds and other revenues to be used for authorized construction and/or renovations. This is a major fund of the District.

**II. Debt Service Fund**

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and related cost; and, for the payment of interest on general obligation notes payable, as required by Kentucky Law. This is a major fund of the District.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

**III. Proprietary Funds (Enterprise Fund)**

1. The School Food Service Fund is used to account for school food service activities, including the National School Lunch Program, which is conducted in cooperation with the U.S. Department of Agriculture (USDA). This is a major fund for the District.

The District applies all Governmental Accounting Standards Boards ("GASB") pronouncements to proprietary funds as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**IV. Fiduciary Fund Type (Agency Funds)**

1. The Agency Funds account for activities of student groups and other types of activities requiring clearing accounts. These funds are accounted for in accordance with Uniform Program of Accounting for School Activity Funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

**Revenues – Exchanges and Non-exchange Transactions** – Revenues resulting from exchange transactions, in which each party receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenues from nonexchange transactions must also be available before they can be recognized.

**Deferred Revenue** – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Grants and entitlements received before the eligibility requirements are met are recorded as deferred revenue.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

Expenses/Expenditures – On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses, and changes in net assets as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

Property Taxes

Property Tax Revenues – Property taxes are levied each September on the assessed value listed as of the prior January 1, for all real and personal property in the county. The billings are considered due upon receipt by the taxpayer; however, the actual date is based on a period ending 30 days after the tax bill mailing. Property taxes collected are recorded as revenues in the fiscal year for which they were levied.

The property tax rates assessed for the year ended June 30, 2008, to finance operations were \$.78 per \$100 valuation for real property, \$.78 per \$100 valuation for business personal property and \$.591 per \$100 valuation for motor vehicles.

The District levies a utility gross receipts license tax in the amount of 3% of the gross receipts derived from the furnishings, within the county, of telephonic and telegraphic communications services, cablevision services, electric power, water, and natural, artificial and mixed gas.

Budgetary Process

Budgetary Basis of Accounting: The District's budgetary process accounts for certain transactions on a basis other than Generally Accepted Accounting Principles (GAAP). The major differences between the budgetary basis and the GAAP basis are:

Revenues are recorded when received in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Expenditures are recorded when paid in cash (budgetary) as opposed to when susceptible to accrual (GAAP).

Once the budget is approved, it can be amended. Amendments are presented to the Board at their regular meetings. Such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end as dictated by law.

Each budget is prepared and controlled by the treasurer at the revenue and expenditure function/object level. All budget appropriations lapse at year-end.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars with the exception of computers, digital cameras and real property for which there is no threshold. The District does not possess any infrastructure. Improvements are capitalized; the cost of, normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives for both general capital assets and proprietary fund assets:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and improvements	25-50 years
Land improvements	20 years
Technology equipment	5 years
Vehicles	5-10 years
Audio-visual equipment	15 years
Food service equipment	12 years
Furniture and fixtures	20 years
Rolling stock	15 years
Other	10 years

**Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These amounts are eliminated in the governmental and business-type activities columns of the statements of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Accumulated Unpaid Sick Leave Benefits**

Upon retirement from the school system, an employee will receive from the District an amount equal to 30% of the value of accumulated sick leave.

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements the current portion of unpaid accrued sick leave is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accumulated sick leave payable" in the general fund. The noncurrent portion of the liability is not reported.

**Cash and Cash Equivalents**

The District considers demand deposits, money market funds, and other investments with an original maturity of 90 days or less, to be cash equivalents.



**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

Inventories

On District-wide financial statements inventories are stated at cost and are expensed when used.

On fund financial statements inventories are stated at cost. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

The food service fund uses the specific identification method and the general fund uses the first-in, first-out method.

Prepaid Assets

Payments made that will benefit periods beyond June 30, 2008 are recorded as prepaid items using the consumption method. Prepaid assets are only recorded if material to the financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the noncurrent portion of capital leases, accumulated sick leave, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, those revenues are primarily charges for meals provided by the various schools and collections for services such as child care.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

**Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction.

**Interfund Activity**

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Uses of Estimates**

The process of preparing financial statements in conformity with general accepted accounting principles of the United States of America requires management to make estimates and assumptions that affect reported amounts of assets, liabilities, designated fund balances, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Encumbrances**

Encumbrances are not liabilities and therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year-end and outstanding encumbrances at year-end are reappropriated in the next year. Accordingly, no differences exist between actual results and the applicable budgetary data presented in the accompanying combined financial statements.

**NOTE B – PROPERTY TAX CALENDAR**

Property taxes for fiscal year 2008 were levied on the assessed valuation of property located in the School District as of January 1, 2007 lien date. The due date and collection periods for all taxes exclusive of vehicle taxes are as follows:

Description	per KRS 134.020
Due date for payment of taxes	Upon receipt
Face value amount payment date	December 31
Delinquent date, 10% penalty	January 1

Vehicle taxes are collected by the County Clerk and are due and collected in the birth month of the vehicle's licensee.

**NOTE C – CASH AND CASH EQUIVALENTS**

At year-end, the carrying amount of the District's total cash and cash equivalents was \$4,115,959. Of the total cash balance, \$100,000 was covered by Federal Depository insurance, with the remainder covered by collateral agreements and collateral held by the pledging banks' trust departments in the District's name. Cash equivalents are funds temporarily invested in securities with a maturity of 90 days or less.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

Cash and cash equivalents at June 30, 2008 consisted of the following:

	<u>Bank Balance</u>	<u>Book Balance</u>
General Checking Account		
General Fund		\$ 1,239,990
Fund 2		( 8,590)
Fund 320		136,356
Fund 360		2,629,591
Fund 51		(1,085)
Total General Checking Account	\$ 4,391,932	3,996,262
Activity and Trust Funds	131,949	119,276
Debt Service Funds	421	421
<b>TOTALS</b>	<b>\$ 4,524,302</b>	<b>\$ 4,115,959</b>

Breakdown per financial statements:

Governmental Funds	\$ 3,997,768
Proprietary Funds	(1,085)
Agency Funds	119,276
<b>TOTALS</b>	<b>\$ 4,115,959</b>

**NOTE D – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<b>Governmental Activities</b>				
Land	\$95,130			\$95,130
Buildings and improvements	8,696,046	2,802,857	4,325	11,494,578
Technology equipment	413,758	58,964		472,722
Vehicles	923,776		42,105	881,671
General equipment	284,389	184,253	4,400	464,242
Construction in progress	1,388,736	2,844,754	1,388,736	2,844,754
Totals at historical cost	11,801,836	5,890,828	1,439,566	16,253,098
Less: accumulated depreciation				
Land improvements	154,577	20,239		174,816
Buildings and improvements	1,894,970	290,333	2,019	2,183,284
Technology equipment	299,579	45,703		345,282
Vehicles	609,933	48,500	42,105	616,328
General equipment	143,858	30,561	2,457	171,962
Total accumulated depreciation	3,102,917	435,336	46,581	3,491,672
<b>Governmental Activities Capital Assets - Net</b>	<b>\$8,698,919</b>	<b>\$5,455,492</b>	<b>\$(1,392,985)</b>	<b>\$12,761,426</b>

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

Business-Type Activities	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Buildings and improvements	\$106,088	494,622		\$600,710
Technology equipment	4,894		2,589	2,305
General equipment	150,617	20,747	0	171,364
Totals at historical cost	261,599	515,369	2,589	774,379
Less: accumulated depreciation				
Buildings and improvements	12,377	15,785		28,162
Technology equipment	4,539		2,234	2,305
General equipment	76,660	12,256	0	88,916
Total accumulated depreciation	93,576	28,041	2,234	119,383
Business-Type Activities Capital Assets - Net	\$168,023	\$487,328	\$(355)	\$654,996

Depreciation expense was charged to functions of the governmental activities of the District as follows:

**Governmental Activities:**

Instruction	\$229,501
Student	11,029
Instructional staff	7,732
District administration	3,381
School administration	5,238
Business	301
Plant operations & maintenance	127,366
Student transportation	48,529
Central Office Support	1,407
Community services	417
Total depreciation expense, governmental activities	<u>\$434,901</u>

**NOTE E – BONDED DEBT AND LEASE OBLIGATIONS**

The amount shown in the accompanying financial statements as lease obligations represents the District's future obligations to make lease payments relating to the bonds issued aggregating. The original amount of each issue, the issue date, and interest rates are summarized below:

Issue Date	Proceeds	Rates
1994	\$ 165,000	3.50% - 6.20%
1997 R	650,000	4.00% - 5.60%
1997 KISTA	588,000	4.00% - 5.60%
1998 R	1,130,000	4.00% - 4.60%
1998 KISTA	343,000	3.75% - 4.25%
1999 A KISTA	1,193,000	4.40% - 5.70%
1999 B KISTA	66,000	4.40% - 5.10%
2003 B KISTA	750,000	3.55%
2004	710,000	3.75% - 4.90%
2006	2,220,000	3.40% - 4.20%
2007	3,070,000	3.625% - 3.9%
2007B	4,995,000	3.50% - 4.00%

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

The District, through the General Fund (including utility taxes and the Support Education Excellence in Kentucky (SEEK) Capital Outlay Fund) is obligated to make payments in amounts sufficient to satisfy debt service requirements on bonds issued to construct school facilities. The District has an option to purchase the property under lease at any time by retiring the bonds then outstanding.

The District entered into "participation agreements" with the School Facility Construction Commission. The Commission was created by the Kentucky General Assembly for the purpose of assisting local school districts in meeting school construction needs. The table below sets forth the amount to be paid by the District and the Commission for each year until maturity of all bond issues. The liability for the total bond amount remains with the District and, as such, the total principal outstanding has been recorded in the financial statements.

The following is a summary of the District's long-term debt transactions for the year ended June 30, 2008.

	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Bonds	\$8,832,000	\$4,995,000	\$413,000	\$13,414,000	\$585,000
Capital Leases	\$258,443		\$54,686	\$203,757	\$41,202
Sick Leave	\$116,984	\$9,394		\$126,378	\$17,358

The bonds may be called prior to maturity and redemption premiums are specified in each issue. Assuming no bonds are called prior to scheduled maturity, the minimum obligations of the District, including amounts to be paid by the Commission, at June 30, 2008 for debt service (principal and interest) are as follows:

Fiscal Year	WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT		KENTUCKY SCHOOL CONSTRUCTION COMMISSION		Total
	Principal	Interest	Principal	Interest	
2008-2009	334,396	338,122	250,604	199,864	1,122,986
2009-2010	297,161	324,149	237,839	191,852	1,051,001
2010-2011	310,822	311,326	248,178	182,408	1,052,734
2011-2012	326,748	297,854	235,252	172,497	1,032,351
2012-2013	336,403	284,145	244,597	163,151	1,028,296
2013-2014	351,888	270,141	253,112	153,450	1,028,591
2014-2015	366,321	255,294	259,679	143,451	1,024,745
2015-2016	383,961	239,402	262,039	133,324	1,018,726
2016-2017	399,550	222,543	272,450	122,919	1,017,462
2017-2018	418,919	206,083	274,081	112,177	1,011,260
2018-2019	434,846	188,264	285,154	101,105	1,009,369
2019-2020	454,175	169,580	250,825	89,476	964,056
2020-2021	474,603	151,427	260,397	79,906	966,333
2021-2022	489,617	132,543	270,383	69,918	962,461
2022-2023	514,082	112,761	280,918	59,384	967,145
2023-2024	531,952	91,583	268,048	48,190	939,773
2024-2025	556,053	69,627	278,947	37,293	941,920
2025-2026	579,694	47,237	290,306	25,933	943,170
2026-2027	489,829	22,629	280,171	14,106	806,735
2027-2028	160,191	3,203	199,809	3,996	367,199
TOTALS	8,211,211	3,737,913	5,202,789	2,104,400	19,256,313

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

**NOTE F – CAPITAL LEASE PAYABLE**

The following is an analysis of the leased property under capital lease by class:

<u>Classes of Property</u>	<u>Book value as of June 30, 2008</u>
Buses & Equipment	\$ 251,809

The following is a schedule by years of the future minimum lease payments under capital leases together with the present value of the net minimum lease payments as of June 30, 2008:

<u>Year Ending June 30,</u>	<u>Capital Lease Payable</u>
2009	\$ 48,114
2010	32,306
2011	32,320
2012	31,027
2013	31,013
Thereafter	<u>57,558</u>
Total minimum lease payments	232,338
Less: Amount representing interest	<u>(28,581)</u>
Present Value of Net Minimum Lease Payments	\$ <u>203,757</u>

**NOTE G – COMMITMENTS UNDER NONCAPITALIZED LEASES**

The District had no commitments under operating lease agreements as of June 30, 2008.

**NOTE H – RETIREMENT PLANS**

**Plan Description** – The Williamstown Independent School District contributes to the Teachers' Retirement System of Kentucky (KTRS), a cost sharing, multiple-employer, defined benefit pension plan. KTRS administers retirement and disability annuities and death and survivor benefits to employees and beneficiaries of employees of the public school systems and other public educational agencies in Kentucky. KTRS requires that members of KTRS occupy a position requiring either a four (4) year college degree or certification by KY Department of Education (KDE).

KTRS was created by the 1938 General Assembly and is governed by Chapter 161 Section 220 through Section 990 of the Kentucky Revised Statutes (KRS). KTRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report can be obtained by writing to Kentucky Teachers' Retirement System, 479 Versailles Road, Frankfort, KY 40601 or from the KTRS web site at <http://ktrs.ky.gov/>.

**Funding Policy** – Contribution rates are established by KRS. Members are required to contribute 9.855% of their salaries to KTRS. The Commonwealth of Kentucky is required to contribute 13.105% of salaries. The federal program for any salaries paid by that program pays the matching contributions.

Substantially all other employees (classified personnel) are covered under the County Employee's Retirement System ("CERS"), a cost sharing, multiple-employer, public employers retirement system. Funding for the Plan is provided through payroll withholdings of 5% and a District contribution of 16.17% of the employee's total compensation subject to contribution.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
For The Year Ended June 30, 2008**

The District's total payroll for the year was \$4,951,081. The payroll for employees covered under KTRS was \$3,298,144 and for CERS was \$1,586,104

The contribution requirement for CERS for the year ended June 30, 2008 was \$333,291 which consisted of \$253,986 from the District and \$79,305 from the employees. For the year ended June 30, 2008 the Commonwealth contributed \$407,723 KTRS for the benefit of our participating employees. The District paid \$24,499 from federal grant monies to KTRS in matching contributions for federally funded employees.

Benefits under both plans will vary based on final compensation, years of service and other factors as fully described in the Plan documents.

Under the provisions of the Kentucky Revised Statute Section 61.645, the Board of Trustees of the Kentucky Retirement System administers CERS and has the authority to establish and amend benefit provisions.

CERS issues a publicly available financial report included in the Kentucky Retirement Systems Annual Report that includes financial statements and the required supplementary information for CERS. A copy of the annual report may be obtained by writing to Kentucky Retirement Systems, Perimeter Park West, 1260 Louisville Road, Frankfort, KY 40601, or by calling (502) 564-4646.

The District also offers employees the option to participate in a defined contribution plan under Section 403(B), 401(K) and 457 of the Internal Revenue Code. All regular full-time and part-time employees are eligible to participate and may contribute up to the maximum amount allowable by law. The District does not contribute to these plans.

**Medical Insurance Plan**

*Plan description* - In addition to the pension benefits described above, Kentucky Revised Statute 161.675 requires KTRS to provide post-retirement healthcare benefits to eligible members and dependents. The KTRS Medical Insurance benefit is a cost-sharing multiple employer defined benefit plan. Changes made to the medical plan may be made by the KTRS Board of Trustees, the Kentucky Department of Employee Insurance and the General Assembly.

To be eligible for medical benefits, the member must have retired either for service or disability. The KTRS Medical Insurance Fund offers coverage to members under the age of 65 through the Kentucky Employees health Plan administered by the Kentucky Department of Employee Insurance. Once retired members and eligible spouses attain age 65 and are Medicare eligible, coverage is obtained through the KTRS Medicare Eligible Health Plan.

*Funding policy* - The post-retirement healthcare provided by KTRS is financed on a pay-as-you-go basis. In order to fund the post-retirement healthcare benefit, one and five tenths percent (1.5%) of the gross annual payroll of all active members is contributed. One-half (1/2) of this amount is derived from member contributions and one-half (1/2) from state appropriation. Also, the premiums collected from retirees as described in the plan description and investment interest help with the medical expenses of the plan.

**NOTE I - CONTINGENCIES**

The District receives funding from Federal, State and Local government agencies and private contributions. These funds are to be used for designated purposes only. For government agency grants, if based upon the grantor's review, the funds are considered not to have been used for the intended purpose, the grantors may request a refund of monies advanced, or refuse to reimburse the District for its disbursements. The amount of

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the District's grant programs is predicated upon the grantors' satisfaction that the funds provided are being spent as intended and the grantors' intent to continue their programs.

**NOTE J - INSURANCE AND RELATED ACTIVITIES**

The District is exposed to various forms of loss of assets associated with the risks of fire, personal liability, theft, vehicular accidents, errors and omissions, fiduciary responsibility, etc. Each of these risk areas is covered through the purchase of commercial insurance. The District has purchased certain policies, which are retrospectively rated, which includes Workers' Compensation insurance.

**NOTE K - ACCUMULATED UNPAID SICK LEAVE BENEFITS**

Upon retirement from the school system, an employee will receive from the district an amount equal to 30% of the value of accumulated sick leave. At June 30, 2008, this amount totaled \$126,378 of which \$63,189 is reserved in the current year fund balance of the General Fund.

**NOTE L - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at June 30, 2008, consisted of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
None		

**NOTE M - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To obtain insurance for workers' compensation, errors and omissions and general liability coverage, the District purchases various insurance policies, including participating in the Kentucky School Boards Insurance Trust Liability Insurance Fund. These public entity risk pools operate as common risk management and insurance programs for all school districts and other tax supported educational agencies of Kentucky who are members of the Kentucky School Boards Association. The district pays an annual premium to each fund for coverage. Contributions to the Workers' Compensation Fund are based on premium rates established by such fund in conjunction with the excess insurance carrier, subject to claims experience modifications and a group discount amount. Dividends may be declared, but are not payable until twenty-four (24) months after the expiration of the self-insurance term. The Liability Insurance fund pays insurance premiums of the participating members established by the insurance carrier. The Trust can terminate coverage if it is unable to obtain acceptable excess general liability coverage and for any reason, by giving ninety (90) days notice. In the event the Trust terminated coverage, any amount remaining in the Fund (after payment of operational and administrative costs and claims for which coverage was provided) would be returned to the member on a pro rata basis.

The District purchased unemployment insurance through the Kentucky School Boards Insurance Trust Unemployment Compensation Fund; however, risk has not been transferred to such fund. In addition, the District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**NOTE N - DEFICIT OPERATING/FUND BALANCES**

Funds with a current year deficit of revenues over expenditures	
Fund 400	( \$9,734)
Fund 51	( \$33,471)



**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Year Ended June 30, 2008**

**NOTE O – COBRA**

Under COBRA, employers are mandated to notify terminated employees of available continuing insurance coverage. Failure to comply with this requirement may put the school district at risk for a substantial loss. The District sends out COBRA letters to terminated employees within 30 days.

**NOTE P – TRANSFER OF FUNDS**

The following transfers were made during the year.

<u>Type</u>	<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Operating	1	2	KETS Matching	\$ 10,602
Debt Service	310	400	Bond Payment	81,550
Debt Service	320	400	Bond Payment	468,521
Debt Service	1	400	Energy Bond	50,387
Bond Proceeds	400	360	Construction	4,895,013
Construction	320	360	BG 07-162	5,869

**NOTE Q – ON-BEHALF PAYMENTS**

The financial statements include payments made by the Commonwealth of Kentucky for insurance, flexible spending, vocational and retirement benefits. The following amounts are included in each of the functions.

Instruction	\$ 729,254
Support Services	
Student	15,384
Instructional Staff	19,230
District Administration	7,692
School Administration	30,768
Business	11,538
Community Service	7,692
Plant Operations and Maintenance	19,230
Student Transportation	46,152
Food Service	<u>30,768</u>
Total	\$ 917,708

**NOTE R – COMMITMENTS**

On June 30, 2008, the District had outstanding commitments for construction approximating \$2,020,000.

**NOTE S – PRIOR PERIOD ADJUSTMENT**

The beginning Net Assets in the Statement of Activities has been restated to reflect bond discounts on bonds issued in prior years totaling \$158,171.

**NOTE T – INTERFUND PAYABLES AND RECEIVABLES**

At June 30, 2008, the interfund status of payables and receivables (all current) of the various funds of the district are in the following table. All balances are expected to be settled within the next fiscal year.

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Special Revenue fund	\$8,590
General fund	Food Service fund	\$1,085

SUPPLEMENTARY INFORMATION

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND  
For The Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
REVENUES				
Taxes	\$1,018,100	\$1,048,100	\$1,281,577	\$233,477
Other Local Sources	113,200	120,200	192,739	72,539
State Sources	3,815,224	3,832,462	4,802,917	898,188
TOTAL REVENUES	4,946,524	5,000,762	6,277,233	1,204,204
EXPENDITURES				
Instruction	2,855,447	3,062,589	3,489,838	(381,734)
Support Services				
Student	252,781	229,356	214,708	17,258
Instructional Staff	275,950	290,747	286,695	7,315
District Administration	289,337	311,760	306,367	6,698
School Administration	462,447	452,897	487,360	(29,243)
Business	150,319	150,850	157,686	(4,878)
Plant Operation and Maintenance	588,129	752,263	643,318	112,207
Student Transportation	227,930	234,585	282,699	(40,285)
Community Service Operations	250	3,903	9,579	(4,371)
Facilities and Construction	50,000	50,000		50,000
Contingency	308,155	311,023		311,023
Debt Service	92,560	92,560	41,454	51,106
TOTAL EXPENDITURES	5,553,305	5,942,533	5,919,704	95,096
Excess (Deficit) of Revenues Over Expenditures	(606,781)	(941,771)	357,529	1,299,300
OTHER FINANCING SOURCES (USES)				
Operating Transfers Out	(13,219)	(12,314)	(60,989)	(48,675)
TOTAL OTHER FINANCING SOURCES (USES)	(13,219)	(12,314)	(60,989)	(48,675)
Excesss (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	(620,000)	(954,085)	296,540	1,250,625
Fund Balance, July 1, 2007	620,000	954,085	1,012,577	58,492
Fund Balance, June 30, 2008	\$0	\$0	\$1,309,117	\$1,309,117
Adjustments to Generally Accepted Accounting Principles:				
Intergovernmental State Revenue - On-behalf Payments			\$886,940	
Corresponding Expenses for On-behalf Payments:				
Instruction			(729,254)	
Support Services:				
Student			(15,384)	
Instructional staff			(19,230)	
District administration			(7,692)	
School administration			(30,768)	
Business			(11,538)	
Community Services			(7,692)	
Plant operations and maintainance			(19,230)	
Student transportation			(46,152)	
Fund balance June 30, 2008 (GAAP Basis)			\$1,309,117	

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
BUDGETARY COMPARISON SCHEDULE FOR SPECIAL REVENUE  
For The Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
<b>REVENUES</b>				
State Sources	\$510,939	\$567,500	\$562,094	(\$5,406)
Federal Sources	1,053,675	1,023,815	998,285	(25,530)
Local Sources	20,950	30,254	54,150	23,896
<b>TOTAL REVENUES</b>	<u>1,585,564</u>	<u>1,621,569</u>	<u>1,614,529</u>	<u>(7,040)</u>
<b>EXPENDITURES</b>				
Instruction	1,170,758	1,117,616	1,091,375	26,241
Support Services				
Student	102,927	107,623	130,428	(22,805)
Instructional Staff	62,884	67,085	81,350	(14,265)
District Administration	51,083	54,392	51,553	2,839
Business	937	756	175	581
Student Transportation	137,366	208,049	193,600	14,449
Community Service Operations	72,828	76,650	76,650	0
<b>TOTAL EXPENDITURES</b>	<u>1,598,783</u>	<u>1,632,171</u>	<u>1,625,131</u>	<u>7,040</u>
Excess (Deficit) of Revenues Over Expenditures	(13,219)	(10,602)	(10,602)	0
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In	13,219	10,602	10,602	0
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>13,219</u>	<u>10,602</u>	<u>10,602</u>	<u>0</u>
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses	0	0	0	0
Fund Balance, July 1, 2007	0	51,259	0	(51,259)
Fund Balance, June 30, 2008	<u>\$0</u>	<u>\$51,259</u>	<u>\$0</u>	<u>(\$51,259)</u>

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 As of June 30, 2008

	SEEK Capital Outlay Fund	FSPK Fund	Total Nonmajor Governmental Funds
ASSETS AND RESOURCES			
Cash and equivalents	\$0	\$136,356	\$136,356
TOTAL ASSETS AND RESOURCES	\$0	\$136,356	\$136,356
FUND BALANCES			
Other Designated	\$0	\$136,356	\$136,356
TOTAL FUND BALANCES	\$0	\$136,356	\$136,356
TOTAL LIABILITIES AND FUND BALANCES	\$0	\$136,356	\$136,356

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2008

	SEEK Capital Outlay Fund	FSPK Fund	Total
REVENUES			
From local sources			
Taxes		\$244,236	\$244,236
Intergovernmental-State	\$81,550	360,641	442,191
TOTAL REVENUES	81,550	604,877	686,427
EXPENDITURES			
Bond Principal	0	0	0
TOTAL EXPENDITURES	0	0	0
Excess (deficit) revenues over expenditures	81,550	604,877	686,427
OTHER FINANCING SOURCES (USES)			
Operating transfers out	(81,550)	(474,390)	(555,940)
TOTAL OTHER FINANCING SOURCES (USES)	(81,550)	(474,390)	(555,940)
Excess (deficit) revenues and other financing sources over expenditures and other financing uses	0	130,487	130,487
Fund Balance, July 1, 2007	0	5,869	5,869
Fund Balance, June 30, 2008	\$0	\$136,356	\$136,356

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
 SCHOOL ACTIVITY FUNDS  
 As of June 30, 2008

	Williamstown High School	Williamstown Elementary School	Total
ASSETS			
Cash and equivalents	\$64,730	\$54,546	\$119,276
Accounts receivable	0	0	0
TOTAL ASSETS	<u>\$64,730</u>	<u>\$54,546</u>	<u>\$119,276</u>
LIABILITIES			
Accounts payable	\$431		\$431
Due to student groups	64,299	54,546	118,845
TOTAL LIABILITIES	<u>\$64,730</u>	<u>\$54,546</u>	<u>\$119,276</u>

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF FIDUCIARY RECEIPTS AND DISBURSEMENTS  
 SCHOOL ACTIVITY FUNDS  
 For The Year Ended June 30, 2008

	Cash Balances July 1, 2007	Receipts	Disbursements	Cash Balances June 30, 2008	Accounts Receivable June 30, 2008	Accounts Payable June 30, 2008	Due To Student Groups June 30, 2008
Williamstown High School	\$78,401	\$223,025	\$236,696	\$64,730	\$0	\$431	\$64,299
Williamstown Elementary School	39,409	142,351	127,214	54,546			54,546
Totals	<u>\$117,810</u>	<u>\$365,376</u>	<u>\$363,910</u>	<u>\$119,276</u>	<u>\$0</u>	<u>\$431</u>	<u>\$118,845</u>



WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS  
WILLIAMSTOWN HIGH SCHOOL  
For The Year Ended June 30, 2008

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Ending	Accounts Receivable Ending	Accounts Payable Ending	Due To Student Groups Ending
Art	\$1,571	\$747	\$2,039		\$279			\$279
Book Club	0	10			10			10
FCCLA	164			(164)	0			0
General	14,149	37,046	40,117	(3,367)	7,712			7,712
Lodds	55			(55)	0			0
Project Graduation	89	4,610	4,587		112		100	12
Chrous	235	5,053	4,818		470			470
GLOW	847		51		796			796
AP Exams	625	164	3,192	3,444	1,041			1,041
Drinks.Snacks	5,898	9,456	12,849		2,505		76	2,429
Textbooks	1	36			37			37
Academics	751	50	737		64			64
NCKAC	2,084		2,084		0			0
NHS	3,658	705	2,054		2,309		255	2,054
Student Council	1,188	745	647		1,285			1,285
JV/Varsity Volleyball	843	6,803	4,940		2,707			2,707
Athletics	3,139	26,862	23,025	(1,382)	5,594			5,594
Cross Country	3,232	8,127	7,119		4,240			4,240
BV Basketball	1,387	8,156	7,793	2,220	3,970			3,970
GV Basketball	1,814	6,126	5,823	452	2,568			2,568
Baseball	6,702	23,865	27,143	(1,000)	2,424			2,424
Girls Golf	803	1,086	361		1,528			1,528
Softball	1,368	10,817	12,019		165			165
FCA	158	205	215		148			148
Sr. 2007	32	(3)			29			29
Multi Media	401				401			401
M. S. Student Council	287	309	287		309			309
Mantum Sursum	8				8			8
SR KUNA	0	4,717	4,392	(59)	266			266
Relay for Life	0	498	486		12			12
Sr. 2006	2,400		2,400		0			0
Library	621	5			626			626
Sr. 2008	2,869	4,580	7,426		23			23
Sr. 2009	2,226	5,272	4,924	118	2,692			2,692
Band	2,505	11,182	12,411		1,276			1,276
Band Fees	0	3,670	3,670		0			0
ESL	0	30			30			30

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY RECEIPTS, DISBURSEMENTS, AND DUE TO STUDENT GROUPS  
WILLIAMSTOWN HIGH SCHOOL  
For The Year Ended June 30, 2008

	Cash Balances Beginning	Receipts	Disbursements	Transfers	Cash Balances Ending	Accounts Receivable Ending	Accounts Payable Ending	Due To Student Groups Ending
Beta	1,186	352	1,210		328			328
Builders Club	1,001		21		980			980
Archery Club	5							0
Jr. Coed-Y	270	2,745	3,159		(5)			6
Jr. Varsity	1,048	961	1,246		150			488
BV Cheerleaders	1,400	2,261	3,609		(274)			364
Construction	522		522		312			0
JH Cheerleaders	835	4,803	2,876		(38)			2,725
Boys Golf	172	639	260		551			551
MS Volleyball	548	638	500		686			686
YEP	512				512			512
Diaster Relief Fund	3							0
Yearbook 2007-08	7,441	9,890	9,210		(3)			8,121
Sr. 2010	1,182	669	313		8,121			1,539
Sr. 2011	26	1,308	710		1,539			624
Sr. 2013/6th Gr	35				624			35
Athletic Concessions	0	17,760	15,369		35			2,042
English	105	70	82		(349)			93
<b>TOTAL</b>	<b>\$78,401</b>	<b>\$223,025</b>	<b>\$236,696</b>	<b>\$0</b>	<b>\$64,730</b>	<b>\$0</b>	<b>\$431</b>	<b>\$64,299</b>

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2008

Federal Grantor/Passed-Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expended
<b><u>U.S. Department of Agriculture</u></b>			
Passed through Kentucky Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	7750002 08	\$142,782
National School Lunch Program	10.555	7750002 07	22,522
School Breakfast	10.553	7760005 08	37,730
School Breakfast	10.553	7760005 07	13,983
Total Child Nutrition Cluster			<u>217,017</u>
Commodities	10.550	51	<u>25,874</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			242,891
<b><u>U.S. Department of Education</u></b>			
Passed through Kentucky Department of Education			
Improving America's School Act of 1994			
Title I, Part A of ESEA	84.010	3108	<u>102,435</u>
		subtotal	102,435
Special Education Cluster			
IDEA, Part B	84.027	3378	130,639
IDEA, Preschool	84.173	3437	3,823
IDEA, Preschool	84.173	3438	258
		subtotal	<u>134,720</u>
Safe and Drug-Free Schools and Communities			
Title IV, Part A, Subpart 1 of ESEA	84.186A	4068	<u>3,165</u>
		subtotal	3,165

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2008

Federal Grantor/Passed-Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Expended
<u>U.S. Department of Education</u>			
Passed through Kentucky Department of Education Innovative Programs	84.298A	3348	1,249
Education Technology, Title II, Part D	84.318X	4258	1,066
		subtotal	1,066
Improving Teacher Quality, Title II, Part A	84.367A	4018	33,942
TOTAL U.S. DEPARTMENT OF EDUCATION			276,577
<b>Federal Direct</b>			
<u><b>U.S. Health and Human Services</b></u>			
Head Start	93.600	6557	29,119
Head Start	93.600	6558	692,589
TOTAL U.S. HEALTH AND HUMAN SERVICES			721,708
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$1,241,176</u>

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2008**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Williamstown Independent School District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States and Local Governments. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

**Note 2 – Food Distribution**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities disbursed.

SUMMERS, MCCRARY & SPARKS, P.S.C.  
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141 PROSPEROUS PLACE  
SUITE 21A  
LEXINGTON, KY 40509-1854  
(859) 264-8785  
FAX: (859) 264-1736

201 SOUTH MAIN STREET  
WINCHESTER, KY 40391  
(859) 745-1174  
(859) 231-8988

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

Kentucky State Committee of School District Audits  
Members of the Board of Education  
Williamstown Independent School District  
Williamstown, KY

We have audited the financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of Williamstown Independent School District (District) as of and for the year ended June 30, 2008 which collectively comprise the District's basic financial statements and have issued our report thereon dated October 2, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, and *Appendix III of the Independent Auditor's Contract - Electronic Submission*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that

might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs 08-01.

We noted certain matters that we reported to management of the District in a separate letter dated October 2, 2008.

This report is intended solely for the information and use of the Board, management, the members of the Kentucky State Committee for School District Audits, the Kentucky Department of Education, federal awarding agencies and pass through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 2, 2008

SUMMERS, MCCRARY & SPARKS, P.S.C.  
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE  
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Kentucky State Committee of School District Audits  
Members of the Board of Education  
Williamstown Independent School District  
Williamstown, KY

Compliance

We have audited the compliance of the Williamstown Independent School District (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, Non-Profit Organizations* and the audit requirements prescribed by the Kentucky State Committee for School District Audits in *Appendix I of the Independent Auditor's Contract - General Audit Requirements*, *Appendix II of the Independent Auditor's Contract - State Audit Requirements*, and *Appendix III of the Independent Auditor's Contract - Electronic Submission*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.



Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board, management, the members of the Kentucky State Committee for School District Audits, the Kentucky Department of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 2, 2008

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued – unqualified

Internal control over financial reporting:

- Material weakness(es) identified?           yes   X  no
- Significant deficiencies identified that are not considered to be material weakness?           yes   X  none reported

Noncompliance material to financial statements noted?

          yes   X  no

**Federal Awards**

Internal control over majority programs:

- Material weakness(es) identified?           yes   X  no
- Significant deficiencies identified that are not considered to be material weakness(es)?           yes   X  none reported

Type of auditor's report issued on compliance for the major programs unqualified:

Any audit findings disclosed that are required to be report in accordance with section 510(a) of Circular A-133?

          yes   X  no

Identification of major programs:

CFDA Number(s)

Name of Federal Program of Cluster

93.600

Head Start

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

  X  yes           no

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2008**

**Section II – Financial Statement Findings**

**08-01** Condition: Single Salary Schedule requirement was not followed in accordance with KRS 157.320(12) and 157.351(3); 702 KAR 3:070. Extra service salaries were not on the single salary schedule, nor were the contracts with the employees earning the extra service salaries approved by the Board.

Criteria: District is to approve and adhere to a Single Salary Schedule each year. Also, contracts with salaries not on the single salary schedule must be approved by the Board.

Effect: The District was not in compliance with the State Statute.

Response: Single Salary Schedule requirements will be followed in accordance with State Statute and all contracts with salaries not on the single salary schedule will be approved by the Board.

**Section III – Federal Award Findings and Questioned Costs**

No matters were reported.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2007**

There were no prior year findings.

SUMMERS, MCCRARY & SPARKS, P.S.C.  
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Williamstown Independent School District  
Williamstown, Kentucky

In planning and performing our audit of the financial statements of Williamstown Independent School District for the year ended June 30, 2008, we considered the District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated October 2, 2008 on the financial statements of Williamstown Independent School District

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various district personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Respectfully,

*Summers, McCrary & Sparks, PSC*

Summers, McCrary & Sparks, PSC  
Lexington, Kentucky  
October 2, 2008

WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2008

BOARD

1. Segregation of Duties

Comment: During our audit, we noted one individual is responsible for preparing deposit slips, recording receipts in MUNIS and preparing bank reconciliations.

Recommendation: Proper controls over cash dictate the segregation of duties to limit the opportunity for misappropriation of funds. We recommend reassigning responsibilities relating to cash and developing review procedures to improve controls over cash.

Response: Segregation of duties in district office and responsibilities relating to cash has been reassigned to improve controls over cash to limit the opportunity for misappropriation of funds.

**WILLIAMSTOWN INDEPENDENT SCHOOL DISTRICT  
MANAGEMENT POINTS  
JUNE 30, 2008**

**SCHOOL ACTIVITY FUNDS**

**Williamstown Jr./Sr. High School**

**Comment:** During our review of ticket sales, we found that the Requisition and Report of Ticket Sales (Form F-SA-1) was not being completed properly, ticket colors are not being changed between consecutive events and receipts are not being attached to the ticket sales form.

**Recommendation:** The Bookkeeper needs to review all areas of the Requisition and Report of Ticket Sales (Form F-SA-1) to be more familiar with all areas that need to be completed, and by whom. The bookkeeper also needs to review the "Ticket Sales" policy section, item no. 2, of the UPASAF, which states ticket colors shall be changed for consecutive events, and the procedures section, item no. 8, of the UPASAF, which stated the school treasurer prepares a receipt and attaches a copy to the report.

**Response:** Tickets are now being rotated for each event. Deposit receipts are now attached to the copy of the ticket sales report. The person/s taking tickets are initialing or signing the form. The Athletic Director and Treasurer are also signing in the appropriate sections.

**Comment:** During our review of cash disbursements, we found the Standard Invoice (Form F-SA-8) was being not being completed correctly. The Principal is not signing the approval section at the top of the form.

**Recommendation:** The Bookkeeper and Principal need to review all areas of the Standard Invoice (Form F-SA-8) to be more familiar with all areas the need to be completed.

**Response:** Principal is signing both approval sections on the Standard Invoice Form.

**Comment:** During our review of cash disbursements, we found one instance where the vendor had not signed the Standard Invoice (Form F-SA-8).

**Recommendation:** The Bookkeeper needs to review the "Purchasing" procedures section, item no. 3, of the UPASAF, which states if a vendor invoice is not available, the disbursement shall be supported by a standard invoice (Form F-SA-8), which must be signed by the payee.

**Response:** The vendor was a referee to whom a check was mailed. Any time a check of this type has to be mailed, the vendor is mailed a copy of the Standard Invoice Form to sign, along with a self-address, stamped envelope in which to return the signed form. The referee had not returned the requested form with signature.

**Williamstown Elementary**

**Comment:** During our review of cash disbursements, we found the Standard Invoice (Form F-SA-8) was being not being completed correctly. The Principal is not signing the approval section at the top of the form.

**Recommendation:** The Bookkeeper and Principal need to review all areas of the Standard Invoice (Form F-SA-8) to be more familiar with all areas the need to be completed.

**Response:** I have reviewed this form and in the future, the Standard Invoice will be completed correctly.